

on Main Street about Main Street, about Main Street working better. But Wall Street asked colleagues to block this debate. That is wrong.

The third part of this amendment says we need integrity in writing securities. This is the superb work of my colleague, Senator LEVIN. I know he will expand on it in due course. But here is the thing. A system with integrity is good for allocating capital efficiently because people want to invest in a system that has integrity. When we established the Securities and Exchange Commission to oversee the stock world, people gained more faith that the system was not rigged. They were more willing to buy stocks and, by that fashion, invest their moneys in the companies of America, build those companies. The success of those companies was good for our families—our working families—and the jobs that went with them.

But now in securities, we have a very opaque, a very dark market where only a few companies have control of the information and people do not know what the price point is, and they do not know what the details are. We have swaps being written where if you participate in it, you do not even know who is on the other side of the deal. There were folks doing deals with middlemen on Wall Street, and they did not know who the insurer was. They did not know it was AIG on the other side of the deal. When you buy insurance, you want to know who the insurer is. They could not get access to that information.

In securities, here is the thing. Right now, we have companies that while they are designing and selling securities also are betting against the success of those securities. I must say, that does not instill much confidence in the integrity of the system.

I ask my colleagues, and I ask the citizens of this country: Would you like to buy a car from someone who would not tell you whether they installed brakes and who was taking out an insurance policy on your life; they are betting you are going to get in a wreck? You would say: No, I would not want to buy a car from someone who is not telling me if they put in the brakes and is taking out a life insurance policy on my life. I would be scared to death to buy that car.

The story goes on. Would you buy a loaf of bread from someone who would not tell you what the ingredients were and you do not know if it is a good loaf of bread, and they are taking an insurance policy out on your life? You would be worried about the ingredients in that bread.

That is the problem we have in the securities world. It is a very simple approach that Senator LEVIN has laid out in which it calls for integrity in securities. If you are designing and selling them, you do not bet against them.

There are all kinds of details that have been put into these three parts of the amendment to make them work.

Actually, there is nothing in this amendment that is very far outside a core set of issues being considered. Modern bank holding companies do a lot of things. They do wealth management. They do broker dealers in securities and other financial products. They do market making where they help bring together this group that wants to buy and this group that wants to sell. They make loans to power up our families and our small businesses. All those functions continue in our bill.

But amidst that set, there is one thing that is being carved out, and that one thing is high-risk investing. When Merrill Lynch blows up, you do not want it to take down Bank of America. Two years ago, Merrill Lynch blew up. It would not have taken down Bank of America because it was not in Bank of America. But it is today. It is a riskier system we have today than 2 years ago.

We should have a debate about this on the floor of the Senate. Bear Stearns, 2 years ago, was by itself. But now it is part of JPMorgan Chase. If Bear Stearns, 10 years from now, makes investments that go awry and it goes down, it blows up a major lender. These types of bankruptcies need to not be a situation where they send shock waves and paralyze our economy. So common sense: more collateral, if you are a huge investor, set by regulators at a rational level with appropriate hearings. That high-risk investing, do it under a different roof so if it blows up, it does not affect lending, and those securities—a little bit of integrity in the marketing of securities.

These are simple ideas. These are commonsense ideas that will make our financial system work better for everyone, making it more feasible for our small businesses to gain access to credit, making it more feasible for our families to gain access to credit, making it less likely that a major disruption in investing is going to freeze up those loans and the result is that credit lines are being cut so they cannot expand business and cannot hire.

That is where we are now. We are frozen. In mortgages, we do not have a functioning securities market right now. It is important because banks make loans and then they sell them on to the market. But they can only sell them if the market has somebody to sell to. Right now investors are leery, and they should be leery when there are these conflicts of interest that the good work my friend from Michigan has done addresses.

This debate should happen. It is wrong for a Senator to object to the people of the United States having their day to talk about a financial system that works for small businesses and works for families.

I know my colleague from Michigan is prepared to expand on the work he has been doing. At the close of my remarks, I wish to thank many of my colleagues who have been immersed in this effort to design a better financial

system. Senator DODD and his team on Banking have been working night and day looking at every angle to get this amendment right. My friends at Treasury—I cannot tell you how many nights they have been up working, consulting with folks who are deep in the industry, to understand what works and does not to get this right. Senator LEVIN's team and my team have been working so hard in consulting and facilitating and writing and rewriting so we could have this debate in a responsible way tonight. We did not want to have a debate where we had an amendment that was illogical or had rough edges that had not been sanded off. We wanted to have a responsible debate.

We may not have had the votes necessary to adopt the amendment. We do not know. That is a mystery. But what we know for sure is that the people of America have been shortchanged tonight by some colleagues at the request of Wall Street blocking consideration of this amendment, and that is not right.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I ask unanimous consent that the cloture vote on the Dodd-Lincoln substitute amendment No. 3739 occur at 2 p.m., Wednesday, May 19; and that Members have until 1 p.m. to file germane second-degree amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. Under a previous order, a Shelby amendment No. 4010 and a Vitter amendment No. 4003 were ordered to be called up. I would like to state for the record that those amendments are still in order to be called up and hope that the RECORD will so reflect.

The PRESIDING OFFICER. The RECORD will so reflect.

Mr. REID. Mr. President, months ago, one of the most respected names in finance, Paul Volcker, the former Chairman of the Federal Reserve Board, made a commonsense proposal to protect taxpayers from the risk-taking on Wall Street.

The essence of the proposal was this: Banks that have an explicit or implicit backing from taxpayers, through deposit insurance or otherwise, should not be allowed to make investments for their own profits. Banks can do one or the other, but not both.

The goal of the proposal is clear: We will not let Wall Street bankers take advantage of taxpayers to make themselves rich.

Wall Street should be free to serve their clients, help investors save and allow entrepreneurs to raise the money they need to grow their businesses. But big banks should not be taking exaggerated risks that benefit only themselves and their own pocketbooks.

Our Wall Street reform bill has a provision that reflects this principle. Senators LEVIN and MERKLEY have been working for weeks on a proposal that